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DEPT FOR STATE/EEB/TPP/ABT (GCLEMENTS)
PASS TO COMMERCE/ITA/OTEXA (MDANDREA)
PASS TO USTR (CMILLER)

E.O. 12958: N/A
TAGS: ECON EIND ETRD CG
SUBJECT: DRC: TEXTILES AND APPAREL SECTOR: UPDATED
STATISTICS AND COMPETITIVENESS PROJECTION

REF: SECSTATE 114799

¶1. (U) Post submits the following in response to reftel's request for updated statistics and projection of future competitiveness.

Data

¶2. (U) The following are 2006 statistics:
- Total industrial production in USD: 110,250,315

- Total textile and apparel production in USD: 5,426,111

- Textile/apparel share of DRC's imports and exports:
  Imports/Exports: Unavailable/0 percent

- Textile/apparel export to the US: 0

- Total manufacturing employment: Figure unavailable, but Post estimates between 5,000 to 10,000.

- Total textile and apparel employment: 1,645

ADDITIONAL INFORMATION

¶3. (U) DRC textile producers do not receive lower prices due to international competition. DRC manufacturers receive fewer orders as a result of competition from Chinese-manufactured textiles. Congo-Tex, a joint venture between the CHA Group (China) and Texaf (Belgium), closed their doors and went out of business in June 2007.

¶4. (U) The GDRC has not implemented any safeguards or other measures to reduce the growth of imports of Chinese textiles. Post's contacts indicate that a substantial quantity of Chinese-manufactured textiles illegally enters the DRC duty-free. (Note: Low-quality imports also come from Dubai. End note.)

¶5. (U) Increased global competition has reduced domestic production by pushing Congo-Tex out of business, and forced companies to lay off employees and cut the number of work shifts. However, international competition has not adversely affected union organizing. Unions are already quite weak, due in part to the high rate of unemployment, underemployment and reliance on the informal economy.

¶6. (SBU) The GDRC and private industry jointly approved a two-year strategic plan in 2005 to increase the DRC's competitiveness in the textile/apparel sector. The GDRC

agreed to enforce import licensing requirements, protect intellectual property rights, provide tax exonerations on imported raw materials (e.g. cotton comes from Nigeria and Benin), reduce electricity and rail transport rates, and negotiate with other countries to obtain bilateral customs and duties exonerations, such as AGOA benefits. However, according to the Congolese Chamber of Commerce (FEC), the GDRC has not fulfilled these commitments. Neither the GDRC nor the private sector has developed niche markets, except for manufacturing military uniforms at Congo-Tex, the Kinshasa textile firm.

¶7. (SBU) DRC's AGOA eligibility does not include textile and apparel benefits. Further, AGOA eligibility would not alone suffice to make the DRC competitive in this area; additional minimum conditions include an improved infrastructure (particularly roads and electricity) customs and tax incentives, organized promotion of the sector and support for production of raw inputs, such as cotton.
BROCK